numbers of customers might someday exist, like major office buildings and airports. Facilities were run from the CAPS hub directly to large customer premises. A few ILEC central offices are connected but these connections were all made very strategically, depending entirely upon connecting with a retail customer.

45. For example, Integra is collocated in 12 Qwest central offices in the Seattle, Redmond, Tacoma area. A CAP that has the largest foot-print that we could find, who must remain anonymous because of Non-disclosure Agreements, has some transport in this same area. However, the CAP only has transport connecting 5 of the 12 central offices in which Integra is collocated. This CAP does not have facilities that Integra can use to duplicate any of the 4 dark fiber rings Integra has in the greater Seattle area. This CAP has the broadest footprint of connections to ILEC central offices of all the CAP's surveyed.

46. This transport product is not competitive with ILEC transport because it does not connect ALL the central offices in which Integra is collocated. It cannot replicate the ring configuration that is essential to Integra's network design. Without these rings, Integra has no means to connect all 12 ILEC central offices where Integra serves customers today.

47. Exhibit B to this Affidavit illustrates the differences between Integra's ring configurations using ILEC dark fiber and the offering of an anonymous alternate transport provider. Exhibit B has two pages: the first page shows Integra's existing network design and depicts four different ring configurations connecting various Qwest central offices using Qwest dark fiber. This is the design of Integra's network as it exists today. This is the design and configuration that an alternate transport provider must replicate in order to have a competitive product.

48. The second page of Exhibit B shows the routes the anonymous alternate transport provider has available in the Seattle, Redmond, Tacoma area. As you can see, the alternate provider routes do not even come close to duplicating any of Integra's four ring configurations. The four ring configurations have a total of approximately 12 routes. Of those 12 routes, the alternate provider has transport on only 4 of them, connecting 5 ILEC central offices. Connecting with central offices was simply not an important feature of the CAP network design.

50. Close is not good enough when it comes to transport and dark fiber. Running somewhere in the vicinity of an ILEC collocation is not good enough; running through the manhole a block away is not good enough. Integra must have transport facilities that originate and terminate in all ILEC central offices in which Integra is collocated on a given ring configuration. Forcing Integra to use multiple transport providers on a single ring configuration causes all kinds of problems with who to call when problems arise, who is responsible for maintenance issues, multiple billing issues, and added transaction costs in dealing with multiple providers that significantly increase the cost of transport. This is the very issue that the FCC recognized when it discussed the inherent problems with different links from multiple carriers to complete a route.

51. Because CAP transport/dark fiber is a different product, it also has a significantly different price. The CAP transport/dark fiber is significantly more expensive than ILEC

transport or dark fiber because it is priced on a distance sensitive basis, and the design of the CAP network means that the transport/dark fiber is significantly longer than the ILEC transport.

For Integra to utilize the 5 routes indicated above, the cost for additional fiber would be $53,000 more per month (over a 500% increase). Integra's Fiber Optic equipment would not work in this configuration due to the additional 115 miles in length of the fiber route without installation of repeaters. This scenario would still require Integra to utilize ILEC fiber to connect the remaining collocations. Integra has attempted to negotiate a commercial agreement with one of the two ILEC's in our service territory to determine what the cost for dark fiber would be if the un-bundling requirement were to be removed but the ILEC has refused to negotiate on any item other than UNE-P. In addition to the technical challenges and costs associated with significantly increasing the transport mileage, the additional mileage increases the potential for service interruptions.

52. I have purchased CAP transport when ILEC transport is not available, or when CAP transport is more economical than ILEC transport.

53. The second step of our transport/dark fiber impairment analysis was to contact each CLEC operating within the same market areas as Integra. Each CLEC was asked if it owned transport or dark fiber facilities. If the answer was in the affirmative, we asked which ILEC collocations their facilities connected. We also asked if the facilities were available for lease and, if so, under what terms, condition, and prices.

54. Mr. Littler conducted this questioning. The results are found in his affidavit, Appendix D. Some of the CLECs own transport or dark fiber for lease. This transport or dark fiber connects only a few ILEC central offices. This does not surprise me because Integra has found it necessary to take the same approach to transport as these CLECS: we installed transport necessary to connect our hub to the nearest ILEC central office. Beyond that connection, we could not make a business case for installing transport.

55. Our third step was to contact both Qwest and Verizon and ask for information on the availability of competitive access providers whose facilities terminate in their central offices. As you can see from Mr. Littler's affidavit, Appendix D, neither Qwest nor Verizon had any information to share with us any different from what we already knew from steps one and two.

56. We have leased many miles of dark fiber from Qwest. When we lease dark fiber from an ILEC, we must invest millions of dollars in optronic equipment that lights the fiber. This is not an investment made by the ILEC, this investment is made by Integra. So, for each pair of dark fiber leased, Integra has invested in the equipment to light it up. If this dark fiber is taken away from Integra, and replaced with supposedly competitive lit fiber, we will have a stranded investment of all of the optic equipment we purchased to light the dark fiber. If this dark fiber is replaced with competitive dark fiber, Integra will also have some stranded optronics as the existing equipment is serving customers today. It cannot be simply turned down and re-deployed on new fiber. That would put our customer base out of service. The cutover process to migrate to another company's dark fiber is a dangerous undertaking. That cutover would have the potential to adversely

affect every customer Integra serves. As of today, that investment totals approximately $5 million.

Integra cannot make a business case for self-provisioning transport

57. The TRO has an extensive record on the impossibility of CLECs duplicating the ILEC transport and dark fiber network. At this point in the development of the marketplace, the cost of installing transport cannot be justified by the existing or short-term potential revenue streams. Over time, Integra will hopefully build a customer mass that overcomes these economic and operational barriers and justifies an investment in transport. Today, we are simply not even close.

58. The average Integra customer generates less than $400 per month in revenue. Dark fiber transport construction costs an average of $60,000 per mile in rural areas, and $350,000 per mile in urban areas. Suppose Integra were to self-provision all of the transport it uses in the Seattle area. The Seattle area is a mix of very urban and suburban areas. As a result, consider that the average construction cost per mile of fiber based on the ILEC central offices Integra would need to connect is approximately $271,000. Integra uses approximately 192 miles of transport in Seattle. Total cost to build transport: approximately $52 million.

59. To justify an expenditure of $52 million to duplicate ILEC transport in Seattle, Integra would have to have the same market conditions that the ILEC had when it built the transport: a 100 percent market share and guaranteed cost recovery plus a profit. A 10% market share based on customers generating an average monthly revenue stream of less than $400 does not make self-provisioning transport an economically viable alternative. Appendix E, Affidavit of Dave Bennett.

Application of the TRO standards to Transport

60. Based on Integra's survey information, there are no routes used by Integra where three or more carriers have self-provisioned transport. Integra also does not have any routes with two or more wholesale transport providers, immediately capable and willing to provide transport at a specific capacity along a give route between ILEC switches or wire centers. Therefore, Integra continues to be impaired under the transport standards established in the TRO.

Special access transport is not a substitute for ILEC transport

61. If Integra were forced to move all transport costs from TELRIC pricing to special access pricing, the economic impact would destroy the company. Today, Integra pays ILECs approximately $140,000 per month for UNE transport. At special access prices, transport costs jump to $880,000 per month, over a 600% increase. Given that Integra's entire business plan and pricing is based on TELRIC pricing, special access is not even close to an adequate substitute.

DS-1, DS-3, and Dark Fiber Transport are all critical to Integra's success.

62. Integra is impaired without access to DS-1, DS-3 and dark fiber transport.

63. Integra's business plan and product pricing was built around access to DS-1, DS-3 and dark fiber transport. Today, dark fiber is the primary method of connecting central offices in which Integra is collocated with Qwest and Verizon. Some DS-1s and DS-3s are used when dark fiber is not available, and Integra has made extensive use of DS-3s. DS-1s are used extensively as trunking to connect tandems and end offices or to extend facilities to serve customers in an ILEC central office where Integra is not physically collocated. See affidavit of Dave Bennett, Appendix E.

64. The differences in pricing between DS-1s, DS-3s, and dark fiber are what have the potential to devastate Integra. Here is an example that illustrates the pricing impacts:

65. First, it is important to understand how the different products relate to each other. A DS-0 is the smallest capacity product. This is a single copper pair, or equivalent, the type typically used to serve a residential customer. A DS-1 is next on the hierarchy, consisting of 24 DS-0s. DS-3 is next, consisting of 28 DS-1s, or 672 DS-0s (24x28). Dark fiber is unlit fiber. When it is lit, it is referenced with the letters "OC". Depending upon the type of optronic equipment used to lite it, dark fiber can be lit at a capacity along a spectrum from OC-3 to OC-12 to OC-48, or even OC-192. The alphabetical reference of OC indicates optical; the numeric reference of 3 or 12 or 48 or 192 indicates the number of DS-3s. So, for example, OC-48 has the same capacity as 48 DS-3s, or 1,344 DS-1s (48x28).

66. Why does Integra use one product rather than another? This is where capacity and pricing come together. A certain amount of capacity is needed on a given route. The average DS-1 in Oregon from Qwest costs about $42. The average DS-3 costs about $333 (assumes $253 plus a mileage charge for an 8 mile route, which adds about $80). This means that it is the most cost effective for Integra to use up to 7 DS-1s on a route, rather than purchase a DS-3 (7 DS-1s times $42 equals $294). Once the capacity need increases to where 8 DS-1s are needed, it makes economic sense for Integra to purchase a DS-3 (8 DS-1s times $42 equals $336 vs. $333 for a DS-3).

67. Now, a DS-3 is equal to 28 DS-1s. So, once it makes economic sense for Integra to go to a DS-3, it now has the capacity of 28 DS-1s.

68. If the FCC were to take DS-3s away from Integra, leaving it only with DS-1s, the economic impact is devastating.

69. Continuing with the example: for $333, Integra gets a DS-3, with the capacity of 28 DS-1s. The cost of 28 DS-1s, if purchased as DS-1s rather than as DS-3s, is approximately 28x$42 or $1,176. This number is almost 400% higher than purchasing a DS-3. This impact would be economically devastating to Integra.

70. This same type of example plays out with higher capacity products. Take a fiber product for example. Let's use a dark fiber product that Integra has lit with its own optronic equipment at an OC-48 capacity. The cost of an 8 mile piece of Qwest dark fiber in Oregon is approximately $544 per month. ($68 per mile x 8 miles) (None of the numbers in the examples include non-recurring charges; actual costs are therefore higher than those depicted). Remember that an OC-48 is 48 DS-3s, or 1,344 DS-1s (48 x 28).

71. If the FCC were to take away dark fiber and leave only DS-1 transport, instead of paying $544 for an OC-48, Integra would pay $42 x 1,344 DS-1s for a total of $56,448. To be clear: without dark fiber, what costs Integra $544 per month today would cost $56,448. No business plan can absorb this impact and CLEC wire-line competition will end.

Dated: 9/30/04

Dave Bennett
Vice President, Network Planning

EXHIBIT A

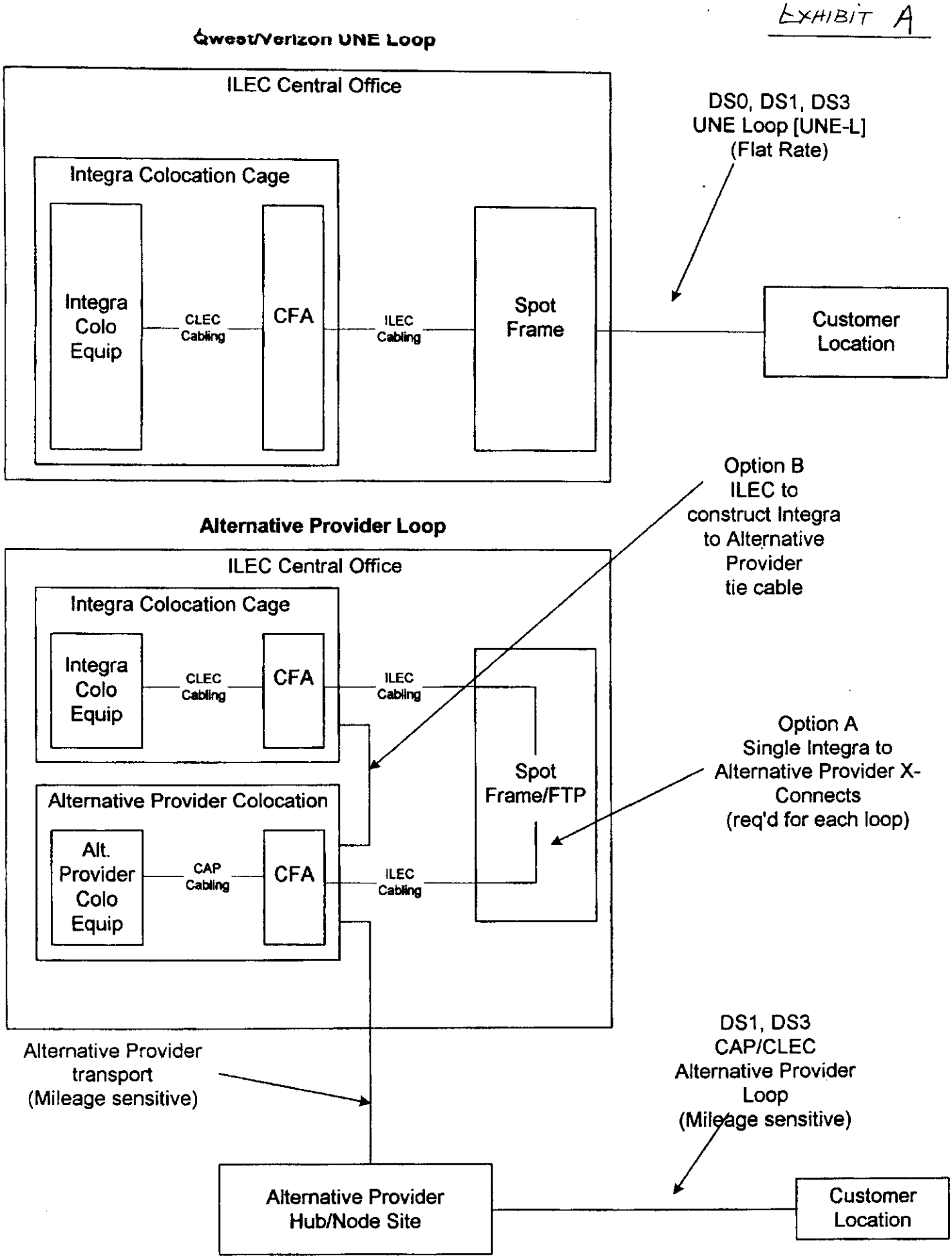
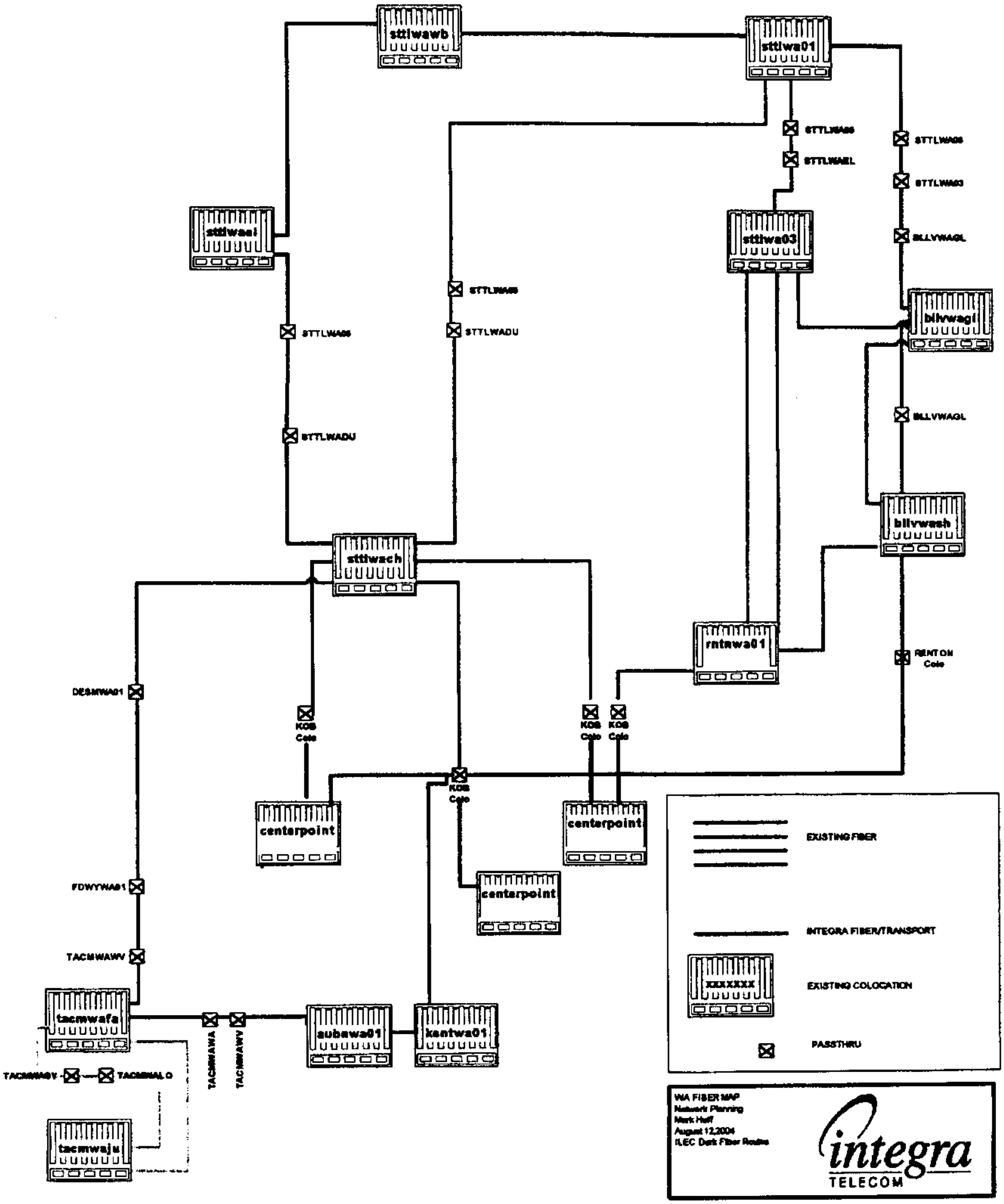

Qwest/Verizon UNE Loop
ILEC Central Office
Integra Colocation Cage
Integra Colo Equip
CLEC Cabling
CFA
ILEC Cabling
Spot Frame
DS0, DS1, DS3 UNE Loop [UNE-L] (Flat Rate)
Customer Location
Alternative Provider Loop
ILEC Central Office
Integra Colocation Cage
Integra Colo Equip
CLEC Cabling
CFA
ILEC Cabling
Alternative Provider Colocation
Alt. Provider Colo Equip
CAP Cabling
CFA
ILEC Cabling
Spot Frame/FTP
Option B ILEC to construct Integra to Alternative Provider tie cable
Option A Single Integra to Alternative Provider X-Connects (req'd for each loop)
Alternative Provider transport (Mileage sensitive)
DS1, DS3 CAP/CLEC Alternative Provider Loop (Mileage sensitive)
Alternative Provider Hub/Node Site
Customer Location

Exhibit B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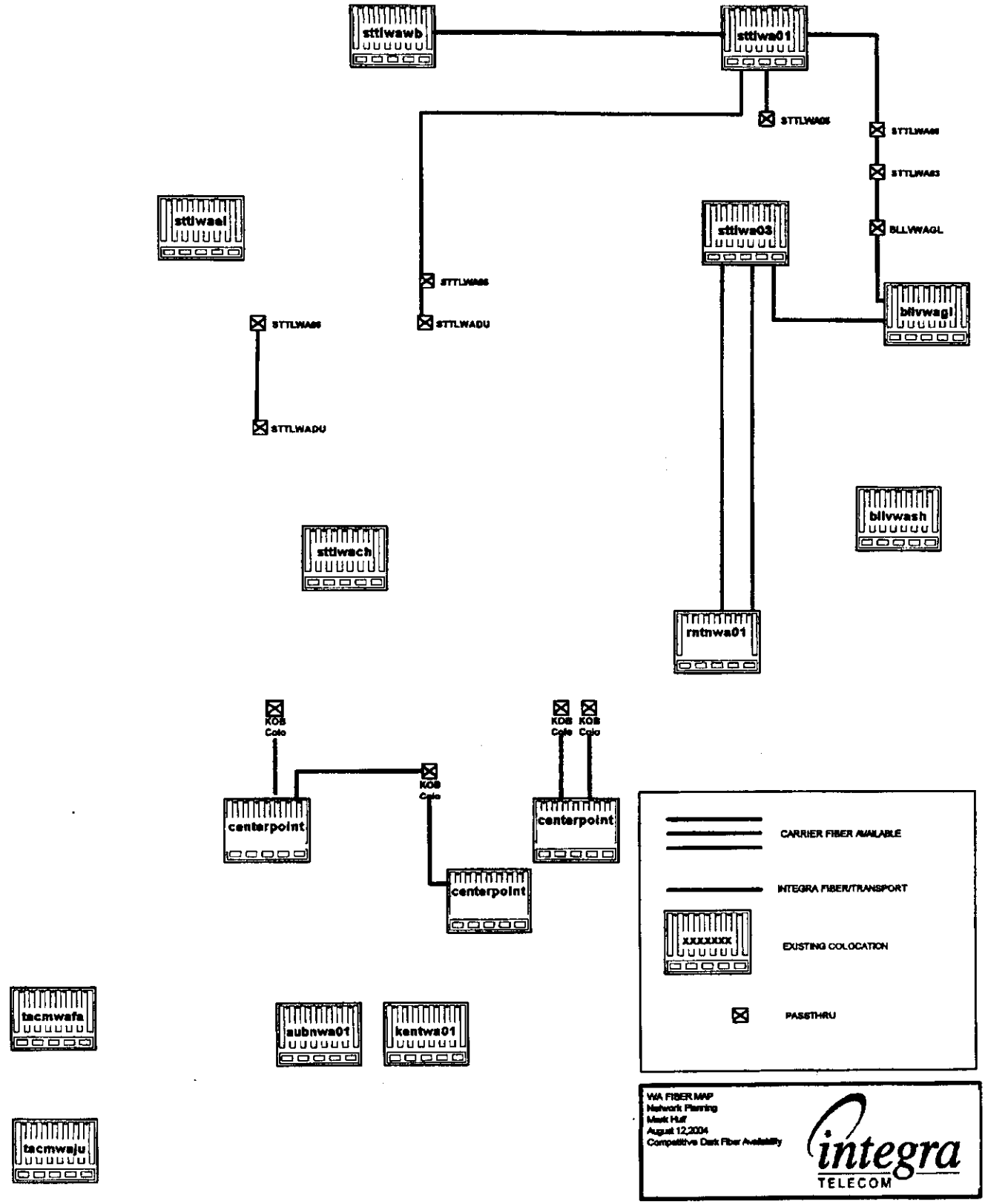
STTLWAEL
sttlwa03
STTLWADU
sttlwach
rntnwa01
RENTON Colo
DESMWA01
centerpoint
centerpoint
centerpoint
FDWYWA01
TACMWAWV
tacmwafa
TACMWAWA
TACMWAWV
kentwa01
tacmwaju
EXISTING FIBER
INTEGRA FIBER/TRANSPORT
XXXXXXX
EXISTING COLOCATION
PASSTHRU
WA FIBER MAP
Network Planning
Mark Huff
August 12,2004
ILEC Dark Fiber Routes
integra
TELECOM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STTLWA06
STTLWADU
blivwash
sttlwach
rntnwa01
KDB Colo
KDB Colo
KDB Colo
KDB Colo
centerpoint
centerpoint
centerpoint
CARRIER FIBER AVAILABLE
INTEGRA FIBER/TRANSPORT
xxxxxxx
EXISTING COLOCATION
PASSTHRU
tacmwafa
aubnwa01
kentwa01
tacmwaju
WA FIBER MAP
Network Planning
Mark Hulf
August 12,2004
Competitive Dark Fiber Availability
integra
TELECOM

Exhibit C

verizon

BILL NO	N14 SQA-2736 105
INVOICE NO	SQA2736105-02087
BILL DATE	MAR 28, 2002
PAGE	1
ACNA	OGT

FACILITY ACCESS SERVICE

* * * BALANCE DUE INFORMATION * * *

TOTAL AMOUNT OF LAST BILL		673,348.87
PAYMENTS APPLIED - SEE DETAIL		54,979.89CR
TOTAL BALANCE DUE - SEE DETAIL		618,368.98

* * * DETAIL OF CURRENT CHARGES * * *

TOTAL-OREGON		
LATE PAYMENT CHARGES - SEE DETAIL		4,355.85
INTERSTATE	1,118.41	
INTRASTATE	3,237.44	
MONTHLY ACCESS CHARGES		
FROM MAR 28 THRU APR 27		20,724.48
INTERSTATE/INTERLATA	1,997.40	
INTRASTATE/INTERLATA	18,727.08	
OTHER CHARGES AND CREDITS - SEE DETAIL		44,583.34CR
INTERSTATE/INTERLATA	750.58	
INTRASTATE/INTERLATA	45,333.92CR	
TOTAL CURRENT CHARGES		19,503.01CR
TOTAL AMOUNT DUE		598,865.97

LATE PAYMENT CHARGES WILL APPLY ON
BALANCES NOT PAID BY THE DUE DATE

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[illegible] 10:7.15
7777-01 <36872.04>
9999-01 6126.13
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5924 <4355.85>

RECEIVED
APR 04 2002
REGULATORY

verizon

CUSTOMER SERVICE RECORD
(CSR) N14 SQA-2736 105
3-29-02 PAGE 1
OGT

BILL DAY 28TH | ACCT DATE 03-29-02 | FOR TELCO USE ICSC OFC GE01

BILLING INQUIRIES CALL
(800) 483-6222

---ACCOUNT IDENTIFICATION---

FOR TELCO USE ACNA OGT
CCNA OGT
LAT 672 TYP SVC N TAX A
TAR OR00

BILLED TO:
OGT TELECOMM
ATTN: NETWORK COST
19545 NW VON NEUMANN DR
ST 200
BEAVERTON OR 97006

CUSTOMER SERVICE ADDRESS:
1-19545 NW VONNEUMAN, BEA
VERTON, OR
1-SMRWORVNWT1

2-14335 NW SCIENCE PARK D
R, PORTLAND, OR
2-CUSTOREU672

3-19545 NW VON NEUMANN DR
, BEAVERTON, OR
3-BVTNORCIW01

4-150 NW 20TH ST, GRESHAM
, OR
4-GRHMORXBW07

5-10860 SW BARNES RD, BEA
VERTON, OR
5-BVTNOR18W01

6-4155 SW CEDAR HILLS BLV
D, BEAVERTON, OR
6-BVTNORXBW09

7-276 S 9TH ST, HILLSBORO
, OR
7-HLBOORXBW04

8-150 NW 20TH ST, GRESHAM
, OR
8-GRHMORXBW12

---SERVICE AND FEATURES--- CONT'D

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022300		CKLT	2-BVTNORXBK01/TAR ORXX/DES CFA MUX LOCATION/LSO 503 350			051800
022300		CKLT	3-BVTNORXBDS1/TAR OR00/LSO 503 350			051800
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062899	1	XDH1X	/NOCH 24			120101
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			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			

---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
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			PORTLAND, OR/TAR OR00/LOC RM			
			MA TEL RM/LSO 503 684/NCI			
			04DS9.1S/SN FAXBACK INSTANT			
			INFORMA			
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			TRA/TER 100.000% X 1 X			
			19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
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			/CKR DS1FAXBACK2.3/DES UT138.			
			UT139			
062899	1	XDH1X	/NOCH 24			120101
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			BEAVERTON, OR/ACTL 3/DES			
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			MA TEL RM/LSO 503 684/NCI			

---SERVICE AND FEATURES--- CONT'D

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---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
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			CIRCUIT SUBTOTAL		45.09	
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012100	1	XDH1X	/NOCH 24			120101
012100		CKL	1-19545 NW VON NEUMANN DR, BEAVERTON, OR/ACTL 3/LSO 503 690/NC HCE-/NCI 04DS9.1S			080700
012100		CKLT	2-BVTNORXBK01/TAR ORXX/DES CFA MUX LOCATION/LSO 503 526			080700
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			TRA/TER 100.000% X 1 X			
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			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
012100	1	EUW				120101
			TRA/TER 100.000% X 1 X			

---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
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			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
031500		CKL	3-21600 NW AMBERWOOD DR, HILLSBORO, OR/TAR OR00/JLP RJ48C JS = N/LOC FLR 1; RM DEMARC; DES SPOT IS BVTNORCIW01. TERMINATE IN MAIN DEMARC/LSO 503 439/NCI 04DU9.1SN/SN BEST BUY LANDSCAPE SUPPL			081000
031500	1	CCO				120101
			TRA/TER 100.000% X 1 X 24.2600 X 0.2000		4.85	

---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
			HARD LOOP FOR TESTING./LSO 503 612/NCI 04DU9.1SN/SN ADVANCED OFFICE SYSTEMS			
031700	1	CCO				120101
			TRA/TER 100.000% X 1 X 24.2600 X 0.2000		4.85	
			(G OGT98ALT01-0R5B-A 36 060199 053102 000070 000070)			
031700	1	EUW				120101
			TRA/TER 100.000% X 1 X 201.2100 X 0.2000		40.24	
			(G OGT98ALT01-0R5B-A 36 060199 053102 000070 000070)			
031700	1	TRG				120101
			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-DR5B-A 36 060199 053102 000070 000070)			
031700	24	S25EX				120101
			INTRASTATE SUBTOTAL		79.81	
			CIRCUIT SUBTOTAL		79.81	
032000		CLS	85.HCFS.406844..GTEW/PIU 0 /CFA 10 T3 17 BVTNORCIW01 BVTNORXBK01/CKR DS1.SELCTRN.1 /DES UT138.UT139			120101
032000	1	XDH1X	/NOCH 24			120101
032000		CKL	1-19545 NW VON NEUMANN DR, BEAVERTON, OR/ACTL 3/LSO 503 439/NC HCE-/NCI 04DS9.1S			062800
032000	5	1LFSX				120101
			TRA/TER 100.000% X 5 X 15.0000 X 0.2000		15.00	
			(G OGT98ALT01-0R5B-A 36 060199 053102 000070 000070)			
032000		CKLT	2-BVTNORXBK01/TAR ORXX/DES CFA MUX LOCATION/LSO 503 350			062800
032000	1	TRG				120101
			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-0R5B-A 36 060199 053102 000070 000070)			
032000		CKL	3-7225 SW BONITA RD, TIGARD,			062800

---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
040500	1	TRG				120101
			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
040500		CKL	3-14945 SW SEQUOIA PARKWAY, PORTLAND, OR/TAR OR00/JLP RJ48C JS = N/LOC FLR 1; RM DEMARC; DES SPOT IS BVTNORCIW01. TERMINATE IN MAIN DEMARC/LSO 503 968/NCI 04DU9.1SN/SN GEODESIGN			052400
040500	1	CCO				120101
			TRA/TER 100.000% X 1 X 24.2600 X 0.2000		4.85	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
040500	1	EUW				120101
			TRA/TER 100.000% X 1 X 201.2100 X 0.2000		40.24	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
040500	1	TRG				120101
			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
040500	24	S25EX				120101
			INTRASTATE SUBTOTAL		67.81	
			CIRCUIT SUBTOTAL		67.81	
051200		CLS	85.HCFS.407031..GTEW/PIU 0 /CFA 11 T3 07 BVTNORCIW01 BVTNORXBK01/CKR DS1.THERMO.1 /DES UT138.UT139			120101
051200	1	XDH1X	/NOCH 24			120101
051200		CKL	1-19545 NW VON NEUMANN DR, BEAVERTON, OR/ACTL 3/LSO 503 439/NC HCE-/NCI 04DS9.1S			071700
051200	5	1LFSX				120101
			TRA/TER 100.000% X 5 X 15.0000 X 0.2000		15.00	

---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
060700	5	1LFSX				120101
			TRA/TER 100.000% X 5 X			
			15.0000 X 0.2000		15.00	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
060700		CKLT	2-BVTNORXBK01/TAR ORXX/DES			091300
			CFA MUX LOCATION/LSO 503 350			
060700	1	TRG				120101
			TRA/TER 100.000% X 1 X			
			19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
060700		CKL	3-16186 SW 72ND, TIGARD, OR			091300
			/TAR OR00/DES BLDG B; FLR 1;			
			RM DEMARC; DES SPOT IS			
			BVTNORCIW01. TERMINATE IN			
			MAIN DEMARC/JLP RJ48C JS = N			
			/LSO 503 431/NCI 04DU9.1SN/SN			
			TANOUS JOE			
060700	1	CCO				120101
			TRA/TER 100.000% X 1 X			
			24.2600 X 0.2000		4.85	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
060700	1	EUW				120101
			TRA/TER 100.000% X 1 X			
			201.2100 X 0.2000		40.24	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
060700	1	TRG				120101
			TRA/TER 100.000% X 1 X			
			19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
060700	24	S25EX				120101
			INTRASTATE SUBTOTAL		67.81	
			CIRCUIT SUBTOTAL		67.81	
061700		CLS	85.HCFS.407283..GTEW/PIU 0			120101
			/CFA 13 T3 09 BVTNORCIW01			
			BVTNORXBK01/CKR DS1.SLATER1.1			
			/DES UT138.UT139			
061700	1	XDH1X	/NOCH 24			120101

---SERVICE AND FEATURES--- CONT'D

SVC ESTBL	QTY	CODE	DESCRIPTION	TAX	AMOUNT	ACTVTY DATE
			BVTNORXBK01/CKR DS1.INTEGI.1 /DES UT138.UT139			
061700	1	XDH1X	/NOCH 24			120101
061700		CKL	1-19545 NW VON NEUMANN DR, BEAVERTON, OR/ACTL 3/LSO 503 439/NC HCE-/NCI 04DS9.1S			070500
061700	9	1LFSX				120101
			TRA/TER 100.000% X 9 X 15.0000 X 0.2000		27.00	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
061700		CKLT	2-BVTNORXBK01/TAR ORXX/DES CFA MUX LOCATION/LSO 503 350			070500
061700	1	TRG				120101
			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
061700		CKL	3-8050 WARM SPRINGS RM 150, TULATIN, OR/TAR OR00/JLP RJ48C JS = N/LOC FLR 1; RM *DEMARC; DES SPOT IS* BVTNORCIW01. TERMINATE IN MAIN DEMARC/LSO 503 885/NCI 04DU9.1SN/SN INTEGRATE, INC.			070500
061700	1	CC0				120101
			TRA/TER 100.000% X 1 X 24.2600 X 0.2000		4.85	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
061700	1	EUW				120101
			TRA/TER 100.000% X 1 X 201.2100 X 0.2000		40.24	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
061700	1	TRG				120101
			TRA/TER 100.000% X 1 X 19.3100 X 0.2000		3.86	
			(G OGT98ALT01-OR5B-A 36 060199 053102 000070 000070)			
061700	24	S25EX				120101

INTRASTATE SUBTOTAL 79.81

CIRCUIT SUBTOTAL 79.81

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	**CC Docket**
Unbundled Access to Network	)	**No. 01-338**
Elements	)	
	)	
Review of the Section 251	)	
Unbundling Obligations	)	**WC Docket**
For Incumbent Local Exchange	)	**No. 04-313**
Carriers	)	

REPLY COMMENTS OF INTEGRA TELECOM

Greg Scott
Karen Johnson
Integra Telecom
1201 NE Lloyd Boulevard, Suite 350
Portland, OR 97232
503-453-8796

October 18, 2004

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	**CC Docket**
Unbundled Access to Network	)	**No. 01-338**
Elements	)	
	)	
Review of the Section 251	)	
Unbundling Obligations	)	**WC Docket**
For Incumbent Local Exchange	)	**No. 04-313**
Carriers	)	

Reply comments of Integra Telecom

Summary

Integra agrees with the RBOC's that the FCC should only rely on market specific data. Integra's market specific data proves that wire-line telephony CLECs are solely responsible for bringing competition to the small to medium sized business market. Cable, satellite, and wire-less providers are not providing local telecommunications services to small to medium sized business customers. Because there is no wholesale market for loops and transport, wire-line CLECs continue to be completely dependent on ILEC loops and transport. This continues to give the ILEC a monopoly position, the same monopoly position it once had in retail. Integra's specific evidence establishes impairment for DS-0 and DS-1 loops and DS-1, DS-3 and dark fiber transport for CLECs serving the small to medium sized business market. Data dumps by Qwest and the other RBOCs do not address much less refute Integra's specific impairment proof.

The Transition period proposal to raise prices for enterprise loops and transport is flawed from both a legal and policy standpoint. There is no legal or factual basis for the FCC to make these pricing decisions in this proceeding. The FCC should clarify pricing of unbundled network elements under section 271 of the Telecom Act in light of the nondiscrimination provision in section 202 of the Communications Act, having in mind that current TELRIC loop rates are significantly higher than RBOC cost in some states.

Table of Contents

Integra Telecom Reply Comments

I. Integra agrees with the RBOCs: the FCC should focus on specific data, not generalized data and rhetoric. Integra's specific data establishes impairment for *CLECs serving the small to medium sized business market for* DS-0 and DS-1 loops and DS-1, DS-3, and dark fiber transport. None of the data submitted by Qwest or Verizon is specific enough to address much less refute Integra's analysis and customer specific data. By focusing on customer specific data, the FCC will avoid the mistaken determinations that flow from broad-brush rhetoric.

Wire-line, telephony CLECs are solely responsible for bringing competition to the small to medium sized business market.

An independent survey determines that 99.99% of the small to medium sized business market is served by either wire-line CLECs or wire-line ILECs. Cable, satellite, and wireless providers do not provide primary, local telephone service to the small to medium sized business market. All CLEC wire-line carriers need either UNE-P or UNE-L to serve these customers. Integra needs UNE-L. The elimination of UNE-L is the elimination of retail choice for small to medium sized businesses.

Inter-modal competition

An independent survey shows that cable, satellite, and wireless providers are not providing local telecommunications service to the small to medium sized business market. Analysis of inter-modal competition has no relevance in an impairment analysis for *CLECs serving small to medium sized business customers.*

Self-provisioning of loops and transport

The average Integra customer generates less than $400 per month in revenue. As Integra's customer specific analysis shows, this customer class cannot support the expenditure necessary to self-provision either loops or transport. Integra's customer specific analysis shows that no company has self-provisioned loops or transport to the customer class served by Integra, small to medium sized business customers averaging 8 access lines at one location. Self-provisioning by CLECs is limited to very large customers, and most of the CLECs that provisioned to those customers went bankrupt.

Integra would literally have to replicate the entire ILEC network to reach its customers. According to Dunn and Bradstreet data, 94% of the businesses in a given market are small to medium sized businesses. This means Integra's potential customers are spread ubiquitously throughout an ILEC's network.

Wholesale alternatives for Loops

Integra's specific evidence shows that 99.99% of Integra's small to medium sized customer base has only the ILEC loop to their premises. Companies provisioning loops are targeting very large customers, not the small to medium sized businesses that Integra is serving. For Integra's target customer, there are no wholesale alternatives. The alternative provider with the most extensive facilities in the greater Seattle area connects only 101 buildings out of a possible 1,063,212 loops available as possible customers of

Integra. This means that the alternative provider with the largest footprint in the greater Seattle area is connected to just .0095% of Integra's potential customers in the greater Seattle area. This is not a viable wholesale alternative to the ILEC network.

Integra's market specific data makes clear that small to medium sized businesses with as many as 95 access lines at any one location do not have multiple loops to their premises. This means this class of customers has not been subject to self-provisioning by alternative providers. The ILEC continues to be the sole owner of loops to these customers. Integra suspects that the number of access lines a customer must have before an alternative provider self-provisions is significantly higher than 95. Believing that specific data is critical to analyzing these issues, Integra cannot comment on these larger customers because it does not serve them.

Wholesale alternatives for transport

Integra's specific evidence shows that only the ILEC's connect all of the central offices in which Integra is collocated. Alternative provider transport connects with less than 1% of Integra's market. For example, the alternative provider with the largest footprint in the Seattle area only connects 5 of the 12 Qwest collocations in which Integra is located. This is not a feasible wholesale alternative for Integra. Not only are the alternative provider facilities significantly different from the ILEC facilities upon which Integra based the design of its network, but also utilizing them would create the very "daisy chaining" scenario that the FCC has already properly said must be avoided. Integra's monthly costs would increase 500% if forced to use alternative transport on these five routes. Having multiple transport providers in Integra's network, while the ILEC has only itself as the provider, puts Integra at a significant competitive disadvantage, with increased maintenance and operational costs.

Commercial agreements with ILECs

Integra has asked Qwest to negotiate commercial agreements. Qwest refuses to respond to Integra's proposals. Integra has no bargaining power to compel Qwest to respond. That is the end of the commercial agreement analysis with respect to small CLECs like Integra.

Use of special access by Integra Telecom

Integra is not aware of any CLECs serving the small to medium sized business class using special access any differently than Integra. As explained in Initial Comments, Integra only uses special access when Qwest refuses to sell a product as a UNE, primarily when crossing a LATA boundary, a state boundary, or a rate center. Otherwise, Integra always buys network elements as UNEs under 251. This carrier specific evidence should prevail over Qwest's general rhetoric.

DS-1 loops are critical to Integra and the customers it serves

Almost half (44%) of Integra's customers are served with DS-1 loops. If the FCC removes DS-1 loops as an unbundled network element, almost half of Integra's customers lose choice.

Retail choice for these customers is destroyed either by failing to make DS-1 loops and DS-1, DS-3 and dark fiber transport available to Integra and other CLECs, or by pricing schemes that increase CLEC costs to special access. Either approach effectively destroys the business of a wire-line CLEC and thereby destroys choice for this customer class.

Special access v. Unbundled network element

Qwest is just plain wrong when it claims that network elements available by tariff as special access cannot be made unbundled network elements under 251. This is not the law. USTA II requires an explanation of why special access is not a viable economic substitute, which is a long way away from the erroneous assertion by Qwest. Integra has complied with USTA II, providing a specific, detailed explanation and analysis of why special access elements cannot substitute for 251 unbundled network elements.

Pricing differences between special access and TELRIC are a valid basis for an impairment finding. The FCC decided to utilize TELRIC pricing for 251 network elements in the very early days of competition. Integra and other CLEC's proceeded to base their business plans on TELRIC pricing. The decision to do so was validated by the United State Supreme Court when it upheld the FCC's use of TELRIC for pricing 251 unbundled network elements in the Iowa Utilities case. Integra and other CLECs have been developing and implementing business plans based on TELRIC pricing for more than eight years. The difference between pricing based on forward looking economic costs rather than historical, monopoly embedded costs under special access is a valid basis for finding impairment, especially when that pricing difference is as much as 600%. Qwest is not saying that CLECs do not need unbundled network elements; it simply wants to increase the price to special access.

Special access pricing is an historical vestige that has no role in this competitive environment. A product is either an unbundled network element under 251 priced at TELRIC, or an unbundled network element under 271 priced in a non-discriminatory manner under 201 and 202. Special access pricing cannot be used for 271 network elements because RBOC's are not imputing special access rates to their own cost structure. Therefore, special access pricing for CLECs is illegally discriminatory.

All 1996 impairment determinations are still valid for small to medium sized businesses

Qwest quotes at length from FCC determinations in the early days of competition. Though Qwest attempts to use these quote to show how times have changed, the reality for small to medium sized business customers is that nothing has changed. All of the FCC's determinations from the early days of competition continue to be true.

For example, "The FCC reasoned that incumbent carriers should be required to unbundle those network elements that could not readily be duplicated by a new entrant (and even some that could)." Qwest Initial comments, p. 5. Qwest attempts to say that this is no longer true, citing inter-modal competition. As Integra's market specific evidence proves, for small to medium sized businesses in Integra's market, the statement continues to be true. First, there is no inter-modal competition for small to medium sized